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Approved For Release 2002/05/07 : CIA-RDP79R00890A000200040007-4

NSC BRIEFING

~~CONFIDENTIAL~~ February 1954

### YUGOSLAVIA'S FOREIGN RELATIONS

#### I. Current position.

- A. Middle-road policy pursued.
- B. Tito recognizes importance continued ties with West.

#### II. Relations with bloc.

- A. USSR unwilling create acceptable conditions for return to bloc.
- B. Bloc attempting exploit Yugoslav internal weaknesses.
- C. Relations, however, being "normalized."
- D. Yugoslavia has obtained greater freedom of maneuver.
  - 1. Partial normalization economic relations likely.

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### III. Relations with West.

#### A. Continued alignment with West.

1. Balkan Pact planning progressing.
2. Emotional tensions over Trieste easing.
3. Yugoslavs at London Conference will maintain firm position on Trieste.
4. Yugoslav surrender Italian cities in Zone B probably dependent Italian concessions Zone A.

### IV. Domestic developments.

#### A. Djilas affair.

1. May presage return more orthodox line.
2. Created confusion in party, but likely to strengthen it.

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### YUGOSLAVIA'S CROP SITUATION

Drought conditions in the fall of 1953 have seriously affected Yugoslavia's winter bread grain crop, although the exact extent cannot yet be determined. Replanting this spring and excellent weather conditions in 1954 may make up much of this loss, but the stage has been set for a disastrous crop situation if poor weather prevails. In any case, the setback that has already occurred will have a negative effect on Yugoslavia's attempt to improve its adverse balance of payments position.

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Although Yugoslavia's 1953 crop was above average, a disastrous crop in 1954 would force the government to depend on large-scale extraordinary Western aid to prevent both a serious food shortage and cutbacks in its military and economic programs.